

Message Text

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FOR CARTER FROM PA

E.O. 11652: N/A

TAGS: SOPN, OVIP (VANCE)

SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT PAUL LEWIS FRONT PAGE BYLINER THE
NEW YORK TIMES TUESDAY MAY 10 HEADED "SUMMIT PARLEY:
LIMITED ACCORD/LEADERS AGREED TO KEEP TALKING ON KEY
PROBLEMS."

2. PRESIDENT CARTER AND THE LEADERS OF THE SIX OTHER
INDUSTRIALIZED DEMOCRACIES WOUND UP THEIR WEEKEND ECONOMIC
CONFERENCE HERE AGREEING ON ONE BASIC POINT: TO KEEP
TALKING ABOUT THE PROBLEMS THAT STILL DIVIDE THEM. THEY
NOTED THAT THE ECONOMIC ILLS THEIR COUNTRIES WERE FACING
WERE MORE DIFFICULT TO DEAL WITH THAN THEY ONCE HAD
IMAGINED AND ACKNOWLEDGED THAT THEIR ABILITY TO COPE WITH
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THEM COOPERATIVELY WAS STARTING TO FRAY"

3. HOWEVER, THEY BROUGHT THEIR TWO-DAY MEETING TO A CLOSE
LAST NIGHT ON A STRONGLY UPBEAT NOTE, HOPEFUL THAT THEIR
SHOW OF DETERMINATION TO OVERCOME THE ECONOMIC DIFFICUL-
TIES WOULD STRENGTHEN BUSINESS CONFIDENCE THROUGHOUT THE
INDUSTRIAL WORLD. THOSE LEADERS WITH SHAKY POLITICAL BAS-

ES WERE ALSO HOPEFUL THAT THEIR POLITICAL FORTUNES MIGHT
BE BUTTRESSED IN THE PROCESS.

4. DESPITE THE CONFIDENCE EXPRESSED, IT APPEARED UNLIKELY THAT THE AVERAGE BUSINESSMAN IN EUROPE OR THE UNITED STATES WOULD CHANGE HIS VIEW ABOUT THE WORLD'S FUTURE ECONOMIC COURSE AS A RESULT OF THE COMMUNIQUE THE LEADERS ISSUED.

5. ON ECONOMIC POLICY, THE SEVEN LEADERS SIMPLY ENDORSED THE PRESENT POLICIES OF ALL THE COUNTRIES REPRESENTED. THE IMPLICATION WAS THAT THE STRONGER COUNTRIES--THE UNITED STATES, WEST GERMANY AND JAPAN--WOULD SEEK TO HELP THE ECONOMIES OF BRITAIN, FRANCE, CANADA AND ITALY BY PRESSING FOR GOOD RATES OF GROWTH.

6. THIS WAS IMPLICIT IN THE CONCERN VOICED ABOUT CONTINUED HIGH UNEMPLOYMENT, PARTICULARLY AMONG THE YOUNG. IT WAS MADE EXPLICIT AT A NEWS CONFERENCE BY THE BRITISH CHANCELLOR OF THE EXCHEQUER, DENIS HEALEY, AS HE GAVE FIGURES FOR THE ECONOMIC GROWTH HE ENVISIONED FOR THE RICHER COUNTRIES, BUT BRITAIN WAS NOT ABLE TO GET TME (SIC) INTO THE FINAL COMMUNIQUE.

7. THAT JOINT STATEMENT COMMITTED GOVERNMENTS ONLY TO "STATED ECONOMIC GROWTH TARGETS OR TO STABILIZATION POLICIES WHICH SHOULD PROVIDE A BASIS FOR SUSTAINED NON-INFLATIONARY GROWTH."

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8. IF WEST GERMANY'S ECONOMIC GROWTH RATE THIS YEAR IS AS DISAPPOINTING AS MANY ECONOMISTS PREDICT, THE GOVERNMENT COULD STILL ARGUE THAT TRYING TO RAISE IT WOULD RISK BREACHING ITS STABILIZATION POLICY THAT WAS ENDORSED AT THE WEEKEND SUMMIT MEETING.

9. PRIVATELY, BOTH AMERICAN AND BRITISH OFFICIALS ACKNOWLEDGE THAT IN THE END THERE IS NO WAY A GOVERNMENT CAN BE FORCED TO FOLLOW POLICIES IT DOES NOT WANT TO FOLLOW. ALL THAT CAN BE DONE, THEY SAY, IS TO ENCOURAGE IT TO CHANGE COURSE.

10. ON PRESERVING FREE WORLD TRADE, THE PARTICIPANTS PLEDGED TO RESIST PROTECTIONIST PRESSURES THAT HIGH UNEMPLOYMENT INEVITABLY BRINGS AND THAT COULD PUSH THE WORLD DEEPER INTO RECESSION.

11. BUT THEY ALSO SAID THEY WANTED "STRUCTURAL CHANGES

IN THE WORLD ECONOMY" TO BE TAKEN INTO ACCOUNT.

12. THIS PHRASE, OFFICIALS SAY, WAS INTRODUCED INTO THE COMMUNIQUE BY FRANCE, WITH SOME BRITISH AND ITALIAN BACKING. THE AIM WAS SAID TO BE TO PROVIDE AN OPENING FOR MARKET-SHARING AGREEMENTS IN SECTORS LIKE STEEL AND SHIP-BUILDING, WHERE WHOLE EUROPEAN INDUSTRIES ARE NOW IN JEOPARDY.

13. AMERICAN OFFICIALS DESCRIBE IT AS "THE NEW HIDDEN PROTECTIONISM," ALTHOUGH THE UNITED STATES HAS ALREADY PROPOSED SUCH MARKET-SHARING AGREEMENTS FOR SPECIAL STEELS AND JAPANESE TELEVISION SETS.

14. HOWEVER, BOTH EUROPEAN AND UNITED STATES OFFICIALS CONCEDE THAT THE WEST'S LATEST PUBLIC COMMITMENT TO FREE TRADE IS LESS EMPHATIC THAN EARLIER PLEDGES MADE IN THE UNCLASSIFIED

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INTERNATIONAL MONETARY FUND OR THE PARIS-BASED ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT.

15. NO MORE THAN AN AGREEMENT ON PROCEDURE COULD BE OBTAINED ON THE MOST CONTENTIOUS ISSUE BETWEEN THE UNITED STATES AND ITS ALLIES AT THE TALKS--PRESIDENT CARTER'S PLANS FOR CURBING THE SPREAD OF NUCLEAR WEAPONS BY CURBING THE EXPORTING OF NUCLEAR TECHNOLOGY WITH WEAPONS POTENTIAL. A SEVEN-NATION STUDY GROUP WAS NAMED TO EXAMINE THE ISSUE.

16. ON RELATIONS WITH THE DEVELOPING WORLD, THE CONFERENCE PRODUCED A MEASURE OF AGREEMENT THAT SHOULD AT LEAST ALLOW THE SO-CALLED NORTH-SOUTH DIALOGUE IN PARIS, BETWEEN THE INDUSTRIAL NATIONS OF THE NORTH AND THE DEVELOPING COUNTRIES OF THE SOUTH, TO BE WOUND UP WITHOUT RANCOR AT THE END OF THIS MONTH. BUT THE PLEDGE MADE HERE TO INCREASE THE FLOW OF AID TO THE DEVELOPING WORLD APPEARS HARD TO REALIZE, UNTIL ECONOMIC CONDITIONS IMPROVE.

17. THE POSITIVE NOTE THAT THE SEVEN LEADERS WANTED TO STRIKE WAS ESPECIALLY CLEAR IN THE FINAL PARAGRAPH OF THEIR COMMUNIQUE, WHICH TERMED "THE MESSAGE" OF THE CONFERENCE "ONE OF CONFIDENCE IN THE CONTINUING STRENGTH OF OUR SOCIETIES AND THE PROVED DEMOCRATIC PRINCIPLES THAT GIVE THEM VITALITY." THE LEADERS ALSO VOICED CONFIDENCE "THAT WE ARE UNDERTAKING THE MEASURES NEEDED TO OVERCOME PROBLEMS AND ACHIEVE A MORE PROSPEROUS FUTURE."

18. YET EVEN DURING THE CEREMONY WHEN THE COMMUNIQUE WAS MADE PUBLIC, THE JAPANESE PRIME MINISTER, 72-YEAR-OLD TAKEO FUKUDA, SOUNDED A WARNING NOTE.

19. "THE PROBLEMS WE FACE TODAY," HE SAID, "ARE MORE DIFFICULT THAN THOSE WE FACED IN THE 1930'S." HE CITED CONCERN ABOUT ENERGY AND RAW MATERIALS, DETERIORATING RELATIONS BETWEEN RICH AND POOR COUNTRIES AND THE PROBLEMS UNCLASSIFIED

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OF STRUCTURAL UNEMPLOYMENT AS DIFFERENCES BETWEEN THE PRESENT SITUATION AND THE GREAT DEPRESSION.

20. WHILE THE AGREEMENT THE SEVEN LEADERS REACHED MAY LOOK FRAIL IN PLACES, A HIGH AMERICAN OFFICIAL POINTED OUT TODAY THAT SUCH WESTERN SUMMIT MEETINGS AS THE ONE HELD HERE HAVE THE VIRTUE OF BECOMING "INSTITUTIONALIZED." ANOTHER ONE IS EXPECTED IN THE FIRST THREE MONTHS OF 1978, AND A SPECIAL SECRETARIAT MAY BE ESTABLISHED TO HELP PREPARE THE SESSIONS AND FOLLOW UP ON THE PLEDGES MADE.

21. THIS IS A HOPEFUL SIGN. THE FACT THAT THE SEVEN MAJOR INDUSTRIAL DEMOCRACIES HAVE DEVELOPED A HABIT OF MEETING REGULARLY TO EXAMINE THE PAST AND PLAN THEIR FUTURE COULD PROVE A VALUABLE SAFEGUARD AGAINST ECONOMIC SELFISHNESS. (END TEXT.) CHRISTOPHER

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